

October 15, 2002

Legislative Audit Commission
622 Stratton Office Building
Springfield, IL 62706

Dear Members:

In accordance with section 3-15 of the Illinois State Auditing Act (30 ILCS 5/3-15), I hereby submit the report on the operations of the Office of the Auditor General for the lapse period of Fiscal Year 2002 ending August 31, 2002 and the first quarter of Fiscal Year 2003 ending September 30, 2002.

FISCAL MATTERS

<i>FY 2002 – FINAL</i>			
	<i>Appropriation</i>	<i>Expended</i>	<i>Balance</i>
Personal Services	\$ 3,778,000	\$ 3,674,770	\$ 103,230
Employee Retire. (Employer)	151,400	143,045	
8,355			
State Retirement	380,500	369,973	
10,527			
Social Security	290,000	270,170	
19,830			
Contractual Services	561,000	510,131	50,869
Travel	100,000	59,333	40,667
Commodities	20,300	8,361	
11,939			
Printing	20,000	17,953	2,047
Equipment	35,000	26,792	
8,208			
EDP	124,700	122,888	
1,812			
Telecommunications	75,000	61,668	
13,332			
Oper. of Auto. Equip.	5,000	2,970	
2,030			
Audits/Studies/Invest.*	<u>12,798,617</u>	<u>10,667,911</u>	<u>2,130,706</u>
TOTAL	<u>\$18,339,517</u>	<u>\$15,935,965</u>	<u>\$2,403,552</u>
*Audit Expense Fund			

FISCAL MATTERS

<i>FY 2003 – FIRST QUARTER</i>				
	<i>Appropriation</i>	<i>Expended</i>	<i>Obligated</i>	<i>Balance</i>
Personal Services	\$ 3,775,000	\$ 750,145	\$ 0	\$ 3,024,855
Employee Retire. (Employer)	151,000	29,199	0	121,801
State Retirement	389,600	76,435	0	313,165
Social Security	288,800	55,367	0	233,433
Contractual Services	475,000	113,578	296,334	65,088
Travel	50,600	7,483	0	43,117
Commodities	12,000	1,805	0	10,195
Printing	15,000	4,985	0	10,015
Equipment	10,000	2,810	0	7,190
EDP	25,000	9,762	6,050	9,188
Telecommunications	70,000	9,971	0	60,029
Oper. of Auto. Equip.	5,000	351	0	4,649
ROE Audits	701,800	99,112	393,266	209,422
Audits/Studies/Invest.*	<u>13,472,300</u>	<u>593,132</u>	<u>7,953,486</u>	<u>4,925,682</u>
TOTAL	<u>\$19,441,100</u>	<u>\$1,754,135</u>	<u>\$8,649,136</u>	<u>\$9,037,829</u>
*Audit Expense Fund				

PERSONNEL

	<i><u>07-01-02</u></i>	<i><u>Appointments</u></i>	<i><u>Separations</u></i>	<i><u>Transfers</u></i>	<i><u>09-30-02</u></i>
Springfield	<u>67</u>	<u>1</u>	<u>4</u>	<u>0</u>	<u>64</u>
Chicago	<u>09</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>10</u>
TOTAL	<u>76</u>	<u>2</u>	<u>4</u>	<u>0</u>	<u>74</u>

CONTRACTS

During the first quarter of Fiscal Year 2003 the Office of the Auditor General entered into thirteen administrative contracts, one hundred thirty-five financial/compliance audit contracts, sixteen Information Systems contracts and eleven performance audit contracts.

TRAINING

Training for the first quarter of Fiscal Year 2003 included Accounting and Auditing Updates, Communication and Leadership Styles; Experiences in Preparing, Auditing and Using Financial Statements under GASB #34; Information Systems Auditing; Microsoft Access, Excel and PowerPoint; and Overview of Financial Reporting and Auditing in Illinois. Additional external training that staff participated in includes the Association of Certified Fraud Examiners Following the Money Trail; Enabling Secure E-Government in Illinois; GASB #34 Implementation Roundtable; HIPAA Awareness Session; Illinois CPA Society's Annual Business and Technology Solutions Conference; Introduction to Resource Access Control Facility (RACF); NSAA Training Directors' Forum; and UNIX Operating System Security Implications.

PERFORMANCE AUDITS

<i>PERFORMANCE AUDITS IN PROGRESS</i>	
<i>AUDITS</i>	<i>ESTIMATED RELEASE DATE</i>

<ul style="list-style-type: none"> • Compliance and Management Audit of Chicago's Airports (PA 89-386) 	Unknown
<ul style="list-style-type: none"> • Management Audit of Group Workers Compensation Self-Insured Pools (LAC No. 121) 	Fall 2002
<ul style="list-style-type: none"> • Financial and Management Audit of the Teachers Academy for Mathematics and Science (H.R. 304) 	Fall 2002
<ul style="list-style-type: none"> • Program Audit: DHS Office of Inspector General (P.A. 92-358) 	Winter 2002
<ul style="list-style-type: none"> • Management Audit: Illinois State Toll Highway Authority (SJR 72) 	Spring 2003
<ul style="list-style-type: none"> • Management Audit: Grade Crossing Protection Fund (LAC No. 123) 	Spring 2003

FINANCIAL & COMPLIANCE AUDITS

The following is a listing of financial and compliance audits for the period(s) ending June 30, 2001 and December 31, 2001. As the year progresses the “date released” column will be completed.

***FINANCIAL & COMPLIANCE AUDITS
FOR THE PERIOD(S) ENDING JUNE 30, 2001
AND DECEMBER 31, 2001***

F = Financial

C = Compliance

<i>AGENCY</i>	<i>F</i>	<i>C</i>	<i>DATE RELEASED</i>
Alton Mental Health Center		x	04-30-02
Arts Council and Foundation	x	x	04-10-02
Attorney Registration and Disciplinary Commission	x	x	06-26-02
Board of Admissions to the Bar	x	x	04-25-02
Board of Higher Education	x	x	03-06-02
Bureau of the Budget	x	x	04-18-02
Capital Development Board	x		02-13-02
Center for Rehabilitation and Education		x	04-30-02
Chester Mental Health Center		x	04-30-02
Chicago Read Mental Health Center		x	04-30-02
Chicago State University	x	x	06-26-02
Chicago State University Foundation		x	06-26-02
Choate Mental Health Center		x	04-30-02
Civil Service Commission		x	03-06-02
Commission on Intergovernmental Cooperation		x	06-26-02
Comptroller – Fiscal Officer	x	x	03-28-02
Correctional Industries	x		02-13-02
Court of Claims	x	x	04-10-02
Criminal Justice Information Authority	x	x	04-10-02
DCMS – Deferred Compensation Plan – 12/31/01	x		08-29-02
Deaf and Hard of Hearing Commission	x	x	06-26-02
Department of Agriculture	x	x	04-25-02
Department of Central Management Services	x		02-13-02

FINANCIAL & COMPLIANCE AUDITS (Continued)

<i>AGENCY</i>	<i>F</i>	<i>C</i>	<i>DATE RELEASED</i>
Department of Employment Security	x		03-12-02
Department of Human Rights	x	x	08-29-02
Department of Human Services – Central Office	x	x	04-30-02
Department of Insurance	x	x	02-21-02
Department of Labor	x	x	02-21-02
Department of Lottery	x	x	02-21-02
Department of Nuclear Safety	x	x	03-06-02
Department of Professional Regulation	x	x	03-12-02
Department of Public Aid	x		04-25-02
Department of Public Health	x	x	03-12-02
Department of Revenue	x	x	04-10-02
Department of Transportation	x		03-12-02
Development Finance Authority	x	x	03-26-02
Distance Learning Foundation	x	x	03-28-02
Drycleaner Environmental Restoration Trust Fund Council	x	x	04-03-02
DuQuoin State Fair	x	x	06-26-02
Eastern Illinois University	x	x	03-15-02
Eastern Illinois University Alumni Association	x	x	03-15-02
Eastern Illinois University Foundation	x	x	03-15-02
Economic and Fiscal Commission		x	06-26-02
Educational Facilities Authority	x	x	04-03-02
Educational Labor Relations Board	x	x	04-03-02
Elgin Mental Health Center		x	04-30-02
Emergency Management Agency	x	x	04-18-02
Farm Development Authority	x	x	04-03-02
Fox Developmental Center		x	04-30-02
General Assembly		x	06-26-02
General Assembly Retirement System	x		01-30-02
General Assembly Retirement System		x	02-28-02
Governors Commission on the Status of Women		x	03-28-02

FINANCIAL & COMPLIANCE AUDITS (Continued)

<i>AGENCY</i>	<i>F</i>	<i>C</i>	<i>DATE RELEASED</i>
Governors State University	x	x	03-26-02
Governors State University Alumni Association	x	x	03-26-02
Governors State University Foundation	x	x	03-26-02
Guardianship and Advocacy Commission	x	x	06-26-02
Health Facilities Authority	x	x	04-03-02
High School Association		x	04-10-02
Housing Development Authority	x	x	03-26-02
Howe Developmental Center		x	04-30-02
Human Rights Commission	x	x	08-29-02
Illinois Building Commission	x	x	02-07-02
Illinois Commerce Commission	x	x	02-21-02
Illinois Conservation Foundation	x	x	02-13-02
Illinois Gaming Board	x	x	04-10-02
Illinois Grain Insurance Corporation	x	x	04-25-02
Illinois Labor Relations Board		x	03-06-02
Illinois Math and Science Academy and Fund	x	x	04-03-02
Illinois Council on Developmental Disabilities	x	x	03-12-02
Illinois Petroleum Resources Board	x	x	02-07-02
Illinois State Fair	x	x	06-26-02
Illinois State University	x	x	03-19-02
Illinois State University Foundation	x	x	03-19-02
Illinois Student Assistance Commission	x	x	04-18-02
Illinois Supreme Court	x	x	03-06-02
Industrial Commission	x	x	06-26-02
Jacksonville Developmental Center		x	04-30-02
Judges Retirement System	x		01-30-02
Judges Retirement System		x	02-28-02
Kankakee River Valley Area Airport Authority	x	x	02-07-02
Kiley Developmental Center		x	04-30-02
Legislative Audit Commission		x	06-26-02

FINANCIAL & COMPLIANCE AUDITS (Continued)

<i>AGENCY</i>	<i>F</i>	<i>C</i>	<i>DATE RELEASED</i>
Legislative Printing Unit		x	06-26-02
Legislative Reference Bureau		x	06-26-02
Legislative Research Unit		x	06-26-02
Lincoln Developmental Center		x	04-30-02
Literacy Foundation	x	x	03-28-02
Ludeman Developmental Center		x	04-30-02
Mabley Developmental Center		x	04-30-02
Madden Mental Health Center		x	04-30-02
Marriage Divisions of the Illinois Courts		x	03-06-02
McFarland Mental Health Center		x	04-30-02
Metro. Pier and Exposition Authority		x	04-25-02
Murray Developmental Center		x	04-30-02
Northeastern Illinois University	x	x	03-26-02
Northeastern Illinois University Foundation	x	x	03-26-02
Northern Illinois University	x	x	03-15-02
Northern Illinois University Alumni Association	x		02-07-02
Northern Illinois University Foundation	x		02-07-02
Office of the Governor	x	x	03-28-02
Office of the Lieutenant Governor	x	x	03-28-02
Pension Laws Commission		x	06-26-02
Prairie State 2000 Authority	x	x	06-26-02
Rural Bond Bank	x	x	04-03-02
School for the Deaf		x	04-30-02
School for the Visually Impaired		x	04-30-02
Secretary of State	x	x	03-28-02
Shapiro Developmental Center		x	04-30-02
Singer Mental Health and Developmental Center		x	04-30-02
Southern Illinois University	x	x	04-25-02
Southern Illinois University Carbondale – Alumni Assoc.	x	x	03-19-02
Southern Illinois University Carbondale – Foundation	x	x	03-19-02

FINANCIAL & COMPLIANCE AUDITS (Continued)

<i>AGENCY</i>	<i>F</i>	<i>C</i>	<i>DATE RELEASED</i>
Southern Illinois Univ. Edwardsville – Alumni Assoc.	x	x	03-19-02
Southern Illinois University Edwardsville – Foundation	x	x	03-19-02
Southern Illinois University Physicians and Surgeons	x	x	04-25-02
Southern Illinois University – University Park	x	x	03-19-02
Space Needs Commission		x	06-26-02
State Board of Education	x		03-12-02
State Board of Elections		x	04-10-02
State Board of Investment	x		01-30-02
State Board of Investment		x	02-28-02
State Employees’ Retirement System	x		01-30-02
State Employees’ Retirement System		x	02-28-02
State Universities Retirement System		x	01-30-02
State Universities Retirement System		x	02-28-02
Statewide Single Audit	x		06-27-02
Summer School for the Arts	x	x	06-26-02
Teachers’ Retirement System	x		01-30-02
Teachers’ Retirement System		x	02-28-02
Teachers’ Pension and Retirement System – Chicago		x	04-10-02
Tinley Park Mental Health Center		x	04-30-02
Toll Highway Authority – 12/31/01	x	x	08-29-02
Treasurer – Bright Start College Savings Pool	x		02-13-02
Treasurer – Fiscal Officer	x	x	03-28-02
Treasurer – Illinois Funds	x		02-13-02
Treasurer – Non-fiscal officer	x	x	03-28-02
Universities Civil Service Commission	x	x	04-03-02
University of Illinois	x	x	03-15-02
University of Illinois Alumni Association	x		02-07-02
University of Illinois Foundation	x		02-07-02
University of Illinois – HMO 8/31/01	x	x	02-07-02
University of Illinois – Prairieland Energy, Inc.	x		02-07-02

FINANCIAL & COMPLIANCE AUDITS (Continued)

<i>AGENCY</i>	<i>F</i>	<i>C</i>	<i>DATE RELEASED</i>
University of Illinois - -Research Park LLC	x		02-07-02
University of Illinois – Ventures LLC	x		02-07-02
University of Illinois – Wolcott Wood & Taylor, Inc.	x		02-07-02
Western Illinois University	x	x	03-15-02
Western Illinois University Foundation	x	x	03-15-02
Zeller Mental Health Center		x	04-30-02

FINANCIAL & COMPLIANCE AUDITS

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<i>FINANCIAL & COMPLIANCE AUDITS FOR THE PERIOD ENDING JUNE 30, 2002</i>

F = Financial

C = Compliance

<i>AGENCY</i>	<i>F</i>	<i>C</i>	<i>DATE RELEASED</i>
Attorney General			
Capital Development Board			
Chicago State University			
Chicago State University Foundation			
Comptroller – Fiscal Officer			
Comptroller – Non-Fiscal Officer			
Department on Aging			
Department of Agriculture (DuQuoin Fair)			
Department of Agriculture (IL State Fair)			
Department of Central Management Services			
Department of Central Management Services (Deferred Compensation Plan)			

FINANCIAL & COMPLIANCE AUDITS (Continued)

<i>AGENCY</i>	<i>F</i>	<i>C</i>	<i>DATE RELEASED</i>
Department of Children and Family Services			
Department of Commerce and Community Affairs			
Department of Corrections – General Office			
Dept.of Corrections, Correctional Center - <i>Big Muddy River</i>			
Dept. of Corrections, Correctional Center - <i>Centralia</i>			
Dept. of Corrections, Correctional Center - <i>Danville</i>			
Dept. of Corrections, Correctional Center - <i>Decatur Womens</i>			
Dept. of Corrections, Correctional Center - <i>Dixon</i>			
Dept. of Corrections, Correctional Center - <i>Dwight</i>			
Dept. of Corrections, Correctional Center - <i>East Moline</i>			
Dept. of Corrections, Correctional Center - <i>Graham</i>			
Dept. of Corrections, Correctional Center - <i>Hill</i>			
Dept. of Corrections, Correctional Center - <i>IL River (Canton)</i>			
Dept. of Corrections, Correctional Center - <i>Jacksonville</i>			
Dept. of Corrections, Correctional Center - <i>Joliet</i>			
Dept. of Corrections, Correctional Center – <i>Lawrence</i>			
Dept. of Corrections, Correctional Center – <i>Lincoln</i>			
Dept. of Corrections, Correctional Center – <i>Logan</i>			
Dept. of Corrections, Correctional Center – <i>Menard</i>			
Dept. of Corrections, Correctional Center – <i>Pinckneyville</i>			
Dept. of Corrections, Correctional Center – <i>Pontiac</i>			
Dept. of Corrections, Correctional Center – <i>Robinson</i>			
Dept. of Corrections, Correctional Center – <i>Shawnee</i>			
Dept. of Corrections, Correctional Center – <i>Sheridan</i>			
Dept. of Corrections, Correctional Center – <i>Southwestern IL</i>			
Dept. of Corrections, Correctional Center – <i>Stateville</i>			
Dept. of Corrections, Correctional Center – <i>Tamms</i>			
Dept. of Corrections, Correctional Center – <i>Taylorville</i>			
Dept. of Corrections, Correctional Center – <i>Vandalia</i>			
Dept. of Corrections, Correctional Center – <i>Vienna</i>			

FINANCIAL & COMPLIANCE AUDITS (Continued)

<i>AGENCY</i>	<i>F</i>	<i>C</i>	<i>DATE RELEASED</i>
Dept. of Corrections, Correctional Center - <i>Western Illinois</i>			
Department of Corrections, Correctional Industries			
Dept. of Corrections, IL Youth Center – <i>Chicago</i>			
Dept. of Corrections, IL Youth Center – <i>Harrisburg</i>			
Dept. of Corrections, IL Youth Center – <i>Joliet</i>			
Dept. of Corrections, IL Youth Center - <i>Kewanee</i>			
Dept. of Corrections, IL Youth Center – <i>Murphysboro</i>			
Dept. of Corrections, IL Youth Center – <i>Pere Marquette</i>			
Dept. of Corrections, IL Youth Center – <i>St. Charles</i>			
Dept. of Corrections, IL Youth Center – <i>Valley View</i>			
Dept. of Corrections, IL Youth Center – <i>Warrenville</i>			
Department of Employment Security			
Department of Financial Institutions			
Department of Human Services			
Department of the Lottery			
Department of Military Affairs			
Department of Natural Resources			
Department of Public Aid			
Department of Revenue			
Department of State Police			
Department of Transportation			
Department of Veterans' Affairs - General Office			
Drycleaner Environmental Response Trust Fund Council			
East St. Louis Financial Advisory Authority			
Eastern Illinois University			
Eastern Illinois University Alumni Association			
Eastern Illinois University Foundation			
Environmental Protection Agency			
General Assembly – Retirement System			
Governors State University			

FINANCIAL & COMPLIANCE AUDITS (Continued)

<i>AGENCY</i>	<i>F</i>	<i>C</i>	<i>DATE RELEASED</i>
Governors State University Alumni Association			
Governors State University Foundation			
Health Care Cost Containment Council			
Historic Preservation Agency			
Illinois Community College Board			
Illinois Community College System Foundation			
Illinois Conservation Foundation			
Illinois Development Finance Authority			
Illinois Farm Development Authority			
Illinois Health Facilities Authority			
Illinois Housing Development Authority			
Illinois Mathematics and Science Academy			
Illinois Mathematics and Science Academy Fund			
Illinois Medical District Commission			
Illinois Racing Board			
Illinois Rural Bond Bank			
Illinois State Board of Investment			
Illinois State Toll Highway Authority			
Illinois State University			
Illinois State University Foundation			
Illinois Student Assistance Commission			
Illinois Veterans' Home – Anna			
Illinois Veterans' Home – LaSalle			
Illinois Veterans' Home – Manteno			
Illinois Veterans' Home – Quincy			
Illinois Violence Prevention Authority			
Industrial Commission – Self Insurer's Fund			
Joint Committee on Administrative Rules			
Judges Retirement System			
Judicial Inquiry Board			

FINANCIAL & COMPLIANCE AUDITS (Continued)

<i>AGENCY</i>	<i>F</i>	<i>C</i>	<i>DATE RELEASED</i>
Kankakee River Valley Area Airport Authority			
Law Enforcement Training Standards Board			
Legislative Information System			
Liquor Control Commission			
Manufacturing Technology Alliance			
Northeastern Illinois University			
Northeastern Illinois University Foundation			
Northern Illinois University			
Northern Illinois University Alumni Association			
Northern Illinois University Foundation			
Office of Banks and Real Estate			
Petroleum Resources Board			
Pollution Control Board			
Prairie State 2000 Authority			
Prisoner Review Board			
Propane Education and Research Council			
Property Tax Appeal Board			
Secretary of State			
Sex Offender Management Board			
Southern IL University			
Southern IL University – Carbondale Alumni Association			
Southern IL University – Carbondale Foundation			
Southern IL University – Edwardsville Alumni Association			
Southern IL University – Edwardsville Foundation			
Southern IL University – Physicians & Surgeons, Inc.			
Southern IL University – University Park			
Southwestern Illinois Development Authority			
State Appellate Defender			
State Board of Education			
State Employees’ Retirement System			

FINANCIAL & COMPLIANCE AUDITS (Continued)

<i>AGENCY</i>	<i>F</i>	<i>C</i>	<i>DATE RELEASED</i>
State Fire Marshal			
State Police Merit Board			
State's Attorney's Appellate Prosecutor			
Statewide Single Audit			
Teachers' Retirement System			
Treasurer – College Savings Pool			
Treasurer – Fiscal Officer			
Treasurer – Illinois Funds			
Universities Retirement System			
University of Illinois			
University of Illinois Alumni Association			
University of Illinois Foundation			
University of Illinois – Chicago HMO			
University of Illinois – Lincolnland Energy, Inc.			
University of Illinois – Prairieland Energy, Inc.			
University of Illinois – Research Park, LLC			
University of Illinois – Ventures, LLC			
University of Illinois – Wolcott, Wood & Taylor, Inc.			
Western Illinois University			
Western Illinois University Foundation			
Wheat Development Board			

INFORMATION SYSTEMS AUDITS

These audits are components of each agency's regularly scheduled financial and compliance audit for the period ending June 30, 2002.

<i>INFORMATION SYSTEMS AUDITS AUDITS INITIATED AND/OR COMPLETED IN FISCAL YEAR 2003</i>	
•	Attorney General
•	Comptroller
•	Department on Aging
•	Department of Central Management Services – BCCS 3 rd Party Review
•	Department of Children and Family Services
•	Department of Commerce and Community Affairs
•	Department of Corrections
•	Department of State Police
•	Environmental Protection Agency
•	Financial Institutions
•	Illinois Liquor Control Commission
•	Illinois State Board of Investment
•	Illinois State University
•	Northern Illinois University
•	Office of Banks and Real Estate
•	Southern Illinois University
•	State Board of Education
•	Teachers' Retirement System
•	University of Illinois

EMERGENCY PURCHASES

The Illinois Procurement Code requires agencies expending funds in an emergency to file an affidavit with the Auditor General within 10 days after the procurement, setting forth the amount expended, the name of the contractor, and the circumstances requiring the emergency purchase. The Auditor General, in turn, is required to file a quarterly report with the Commission and the Governor setting forth a complete listing of all emergency purchases reported during that quarter. The latest report is for the first quarter of Fiscal Year 2003 and it contains eighty filings with this Office.

CONTRACTUAL SERVICES CERTIFICATIONS

Pursuant to the requirements of the State Finance Act at 30 ILCS 105/15a, State agencies must file a certification with the Auditor General prior to the execution of any contract with a former employee who took an early retirement incentive prior to January 1, 1992. The certification must state that the former employee either possesses unique expertise or is essential to the operation of the agency.

During the first quarter of Fiscal Year 2003, the Auditor General received one certification from the Legislative Reference Bureau that a retiree would be hired on a contractual basis because the person possesses unique expertise.

Copies of this certification and others received in previous quarters are on file in our Office.

Yours truly,

WILLIAM G. HOLLAND
Auditor General